Government of Saskatchewan

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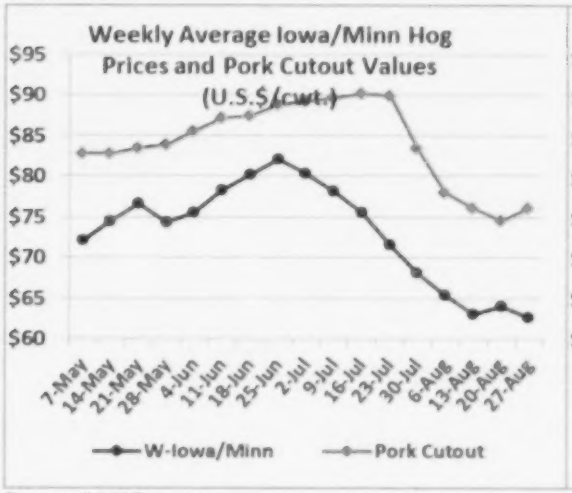
Weekly Hog Report

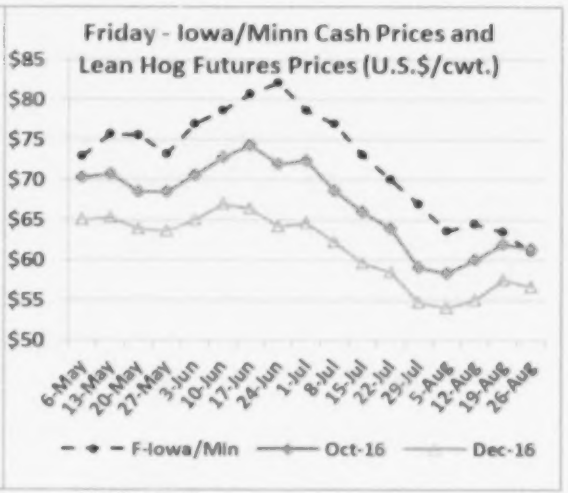
August 29, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were lower last week ending Friday lower, week-over-week. Hog prices on Friday August 26 averaged US$61.03 per cwt, down US$2.41 per cwt or 3.8 per cent from US$63.44 per cwt the previous Friday. The negotiated weekly base price last week averaged US$62.63 per cwt, down US$1.30 per cwt or 2.0 per cent from US$63.93 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

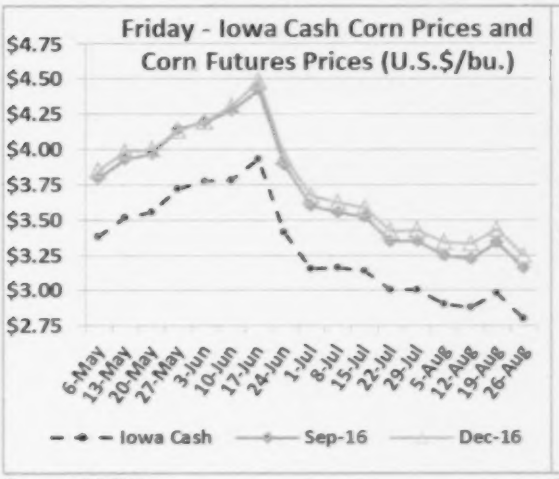
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 26, 2016 was $146.81 per ckg, down $1.39 per ckg or 0.9 per cent from $148.20 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $148.94 per ckg, down $1.98 or 1.3 per cent from the previous weeks' average price of $150.92 per ckg. The Canadian dollar was mixed last week but ended lower to close Friday at 76.92 cents, down 0.86 cents from 77.78 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were mostly lower last week and rebounded Friday reducing losses, week-over-week. The nearby October contract declined US$0.600 per cwt to settle Friday at US$61.325 per cwt. The December contract declined US$0.825 per cwt to settle Friday at US$56.625 per cwt. Iowa cash prices ended the week slightly below the October futures price but over US$4 per cwt above the December futures price. Futures markets are indicating weaker fall prices ahead.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$19.52 per head, down $1.24 per head from US$20.76 per head the previous week. Feeders (40lb) averaged US$29.71 per head, up $1.98 per head from US$27.73 per head, the previous week.



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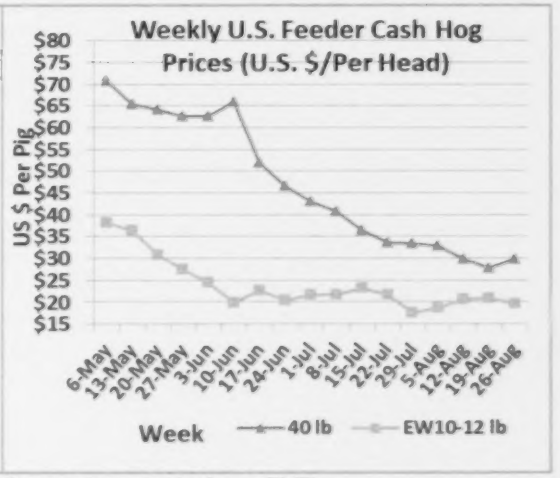


Source: Iowa Agriculture, CME

U.S. corn prices were lower last week. Iowa cash corn prices declined 18 cents over the week to settle Friday at US$2.80 per bushel. The September 2016 corn futures contract also declined 18 cents per bushel last week to settle Friday at US$3.16 ¼ per bushel, while the December 2016 corn contract declined almost 19 cents to settle Friday at US$3.25 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending August 27 were estimated at 2.266 million head, down 1.1 per cent from 2.291 million head the previous week, but up 1.9 per cent from 2.225 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 27 averaged 2.248 million head per week, up 2.3 per cent from 2.199 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending August 20, 2016 were estimated at 405,335 head, down 1.0 per cent from 409,399 head the previous week, and down 1.0 per cent from 409,551 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 394,535 head, down 0.9 per cent from 398,029 head over the same period in 2015. Year-to-date for 2016 hogs slaughtered in Canada totaled 13,314,053 head, up 1.3 per cent from 13,141,338 head the same period in 2015. In Western Canada, hogs slaughtered year-to-date for 2016 totaled 5,498,538, up 1.1 per cent from 5,439,252 head over the same period in 2015.
(Source: Agriculture and Agri Food Canada/Canadian Food Inspection Agency)

Meat Production

U.S. pork production for the week ending August 27, 2016 was estimated at 469.7 million lb., down 1.3 per cent from 476.0 million lb. the previous week, but up 1.3 per cent from 463.8 million lb. the same week a year ago. Pork production over the last four week's ending August 27 was estimated to average 467.0 million lb., up 1.7 per cent from 459.3 million lb. over the same four week period a year ago.

U.S. beef production for the week ending August 20 was estimated at 494.0 million lb., up 0.4 per cent from 492.1 million lb. the previous week, and up 6.9 per cent from 462.2 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 20, 2016, was estimated to average 2.066 billion lb., up 3.1 per cent from 2.004 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.7 per cent compared to the same period in 2015.

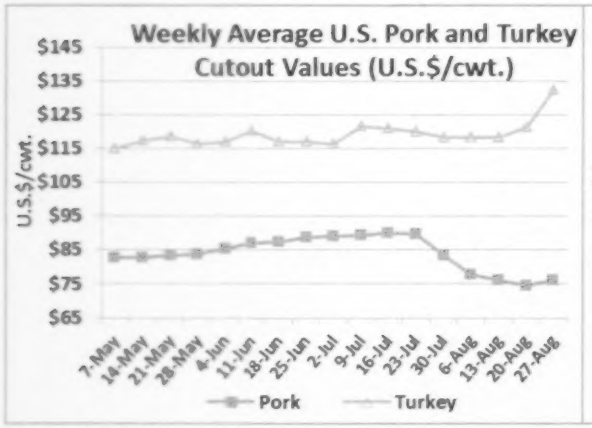
United States Weekly Meat Production

(Aug. 20) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	454.3	463.3	2.0%	0.3%
Beef	448.2	480.4	7.2%	5.1%
Chicken	982.5	992.1	1.0%	2.5%
Turkey	118.8	130.4	9.7%	4.5%
Total	**2,003.9**	**2,066.2**	**3.11%**	**2.70%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending August 27, 2016 averaged US$76.01 per cwt, up US$1.41 per cwt or 1.9 per cent from US$74.60 per cwt the previous week, but down 12.1 per cent from US$86.46 per cwt from the same week a year ago. Pork prices have overall trended lower since peaking in July, and will likely continue lower with higher pork supplies expected in the fourth quarter.



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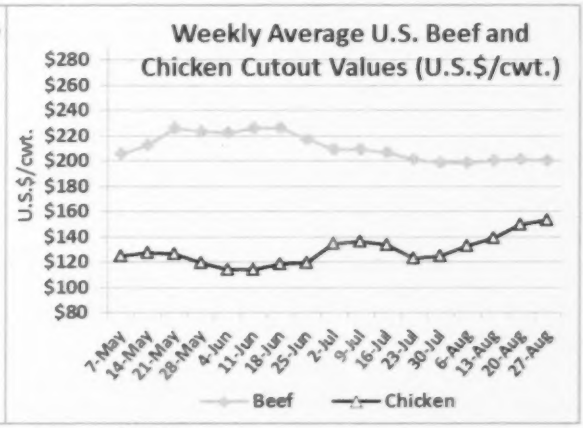

Source: LMIC

Choice beef cutout prices (600-900 lb.) for the week ending August 27, 2016 averaged US$200.34 per cwt over the week, down US$0.90 per cwt or 0.4 per cent from US$201.24 per cwt the previous week, and down 17.9 per cent from US$243.97 per cwt the same week a year ago. Beef prices have been relatively stable since declining in late June and early July.

Average chicken cutout values (breast) for the week ending August 27, 2016 averaged US$152.87 per cwt, up 2.5 per cent or US$3.78 per cwt from US$149.09 per cwt the previous week, and up 5.7 per cent from US$144.63 per cwt the same week a year ago. Chicken prices have moved noticeably higher over the last few weeks with turkey prices spiking last week.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on August 22, 2016. The United States' pork stocks in cold storage totaled 599.9 million lb. on July 31, 2016, down 5.3 per cent from 633.2 million lb. on July 31, 2015, but up 2.3 per cent from 586.5 million lb. on June 30, 2016.

The U.S. beef stocks in cold storage totaled 469.3 million lb. on July 31, 2016, up 2.0 per cent from 460.1 million lb. on July 31, 2015, and up 2.8 per cent from 456.5 million lb. on June 30, 2016.

Total pork, beef, chicken and turkey in cold storage on July 31, 2016 was at 2.419 billion lb., above the ten year average for July, and a new ten year monthly record high surpassing the last highs in September 2015. While pork, beef, turkey and chicken in cold storage were above their long term averages; individually they were all below their monthly ten year record highs. Higher meat in cold storage could lead to overall softer meat prices this fall and early winter in North American as production is expected to move higher for pork and beef in the fourth quarter.

United States Stocks in Cold Storage (Frozen)

	1,000 Pounds		
Commodity	**31-Jul-2015**	**30-Jun-2016**	**31-Jul-2016**
Pork	633,214	586,479	599,932
Beef	460,093	456,533	469,253
Chicken	766,242	815,001	819,150
Turkey	494,037	504,385	530,505
Total Combined	**2,353,586**	**2,362,398**	**2,418,840**

Source: NASS

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